GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:418
ANSWERED ON:20.11.2002
WITHHOLDING OF TAX
KINJARAPU YERRANNAIDU

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Japanese practice of imposing 20 percent withholding tax on information technology turnover treating it as a fee for technical services an inhibiting factor for the Indian Companies from rapidly enlarging business with Japan;

(b) if so, whether the Union Government have taken up this matter with that country; and

(c) if so, the latest details of steps taken by Government and the outcome thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY(DR. SANJAY PASWAN)

(a): Yes, Sir.

(b) and (c): This issue was taken up by the Indian Competent Authority with their counterpart Japanese Competent Authority and their Tax Policy Division in a recent visit to Japan. However, the issue has not yet been resolved as it involves interpretation of Indo-Japan Double Taxation Avoidance Agreement and reaching a mutually acceptable understanding.